

**Introduced by Senator Gaines**

December 1, 2014

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An act to amend Section 17054 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 31, as introduced, Gaines. Personal Income Tax Law: exemption credit: dependents.

The Personal Income Tax law authorizes a credit of \$227 for each taxable year beginning on or after January 1, 1999, adjusted for inflation thereafter, as specified, for each dependent of a taxpayer.

This bill would increase that credit to \$652 for taxable years beginning on or after January 1, 2015, which would be adjusted for inflation in taxable years thereafter.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17054 of the Revenue and Taxation Code,
- 2 as amended by Section 2 of Chapter 478 of the Statutes of 2014,
- 3 is amended to read:
- 4 17054. In the case of individuals, the following credits for
- 5 personal exemption may be deducted from the tax imposed under
- 6 Section 17041 or 17048, less any increases imposed under
- 7 paragraph (1) of subdivision (d) or paragraph (1) of subdivision
- 8 (e), or both, of Section 17560.

1 (a) In the case of a single individual, a head of household, or a  
2 married individual making a separate return, a credit of fifty-two  
3 dollars (\$52).

4 (b) In the case of a surviving spouse (as defined in Section  
5 17046), or a husband and wife making a joint return, a credit of  
6 one hundred four dollars (\$104). If one spouse was a resident for  
7 the entire taxable year and the other spouse was a nonresident for  
8 all or any portion of the taxable year, the personal exemption shall  
9 be divided equally.

10 (c) In addition to any other credit provided in this section, in  
11 the case of an individual who is 65 years of age or over by the end  
12 of the taxable year, a credit of fifty-two dollars (\$52).

13 (d) (1) ~~A~~ *For taxable years beginning before January 1, 2015,*  
14 *a credit of two hundred twenty-seven dollars (\$227) for each*  
15 *dependent (as defined in Section 17056) for whom an exemption*  
16 *is allowable under Section 151(c) of the Internal Revenue Code,*  
17 *relating to additional exemption for dependents. The credit allowed*  
18 *under this subdivision paragraph for taxable years beginning on*  
19 *or after January 1, 1999, shall not be adjusted pursuant to*  
20 *subdivision (i) for any taxable year beginning before January 1,*  
21 *2000.*

22 *(2) For taxable years beginning on or after January 1, 2015, a*  
23 *credit of six hundred fifty-two dollars (\$652) for each dependent,*  
24 *as defined in Section 17056, for whom an exemption is allowable*  
25 *under Section 151(c) of the Internal Revenue Code, relating to*  
26 *additional exemption for dependents. The credit allowed under*  
27 *this paragraph for taxable years beginning on or after January 1,*  
28 *2015, shall be computed, as otherwise provided in subdivision (i),*  
29 *only for taxable years beginning on or after January 1, 2016.*

30 ~~(2)~~

31 (3) (A) For taxable years beginning on or after January 1, 2015,  
32 a credit shall not be allowed under paragraph (1) with respect to  
33 any individual unless the identification number, as defined in  
34 Section 6109 of the Internal Revenue Code, of that individual is  
35 included on the return claiming the credit.

36 (B) A disallowance of a credit due to the omission of a correct  
37 identification number required under this paragraph, may be  
38 assessed by the Franchise Tax Board in the same manner as is  
39 provided by Section 19051 in the case of a mathematical error  
40 appearing on the return. A claimant shall have the right to claim

1 a credit or refund of adjusted amounts within the period provided  
2 in Section 19306, 19307, 19308, or 19311, whichever period  
3 expires later.

4 ~~(3)~~

5 (4) (A) For taxable years beginning on or after January 1, 2009,  
6 the credit allowed under paragraph (1) for each dependent shall  
7 be equal to the credit allowed under subdivision (a). This  
8 subparagraph shall cease to be operative for taxable years beginning  
9 on or after January 1, 2011, unless the Director of Finance makes  
10 the notification pursuant to Section 99040 of the Government  
11 Code, in which case this subparagraph shall cease to be operative  
12 for taxable years beginning on or after January 1, 2013.

13 (B) For taxable years that subparagraph (A) ceases to be  
14 operative, the credit allowed under paragraph (1) for each  
15 dependent shall be equal to the amount that would be allowed if  
16 subparagraph (A) had never been operative.

17 (e) A credit for personal exemption of fifty-two dollars (\$52)  
18 for the taxpayer if he or she is blind at the end of his or her taxable  
19 year.

20 (f) A credit for personal exemption of fifty-two dollars (\$52)  
21 for the spouse of the taxpayer if a separate return is made by the  
22 taxpayer, and if the spouse is blind and, for the calendar year in  
23 which the taxable year of the taxpayer begins, has no gross income  
24 and is not the dependent of another taxpayer.

25 (g) For the purposes of this section, an individual is blind only  
26 if either (1) his or her central visual acuity does not exceed 20/200  
27 in the better eye with correcting lenses, or (2) his or her visual  
28 acuity is greater than 20/200 but is accompanied by a limitation  
29 in the fields of vision such that the widest diameter of the visual  
30 field subtends an angle no greater than 20 degrees.

31 (h) In the case of an individual with respect to whom a credit  
32 under this section is allowable to another taxpayer for a taxable  
33 year beginning in the calendar year in which the individual's  
34 taxable year begins, the credit amount applicable to that individual  
35 for that individual's taxable year is zero.

36 (i) For each taxable year beginning on or after January 1, 1989,  
37 the Franchise Tax Board shall compute the credits prescribed in  
38 this section. That computation shall be made as follows:

39 (1) The California Department of Industrial Relations shall  
40 transmit annually to the Franchise Tax Board the percentage change

1 in the California Consumer Price Index for all items from June of  
2 the prior calendar year to June of the current calendar year, no  
3 later than August 1 of the current calendar year.

4 (2) The Franchise Tax Board shall add 100 percent to the  
5 percentage change figure which is furnished to them pursuant to  
6 paragraph (1), and divide the result by 100.

7 (3) The Franchise Tax Board shall multiply the immediately  
8 preceding taxable year credits by the inflation adjustment factor  
9 determined in paragraph (2), and round off the resulting products  
10 to the nearest one dollar (\$1).

11 (4) In computing the credits pursuant to this subdivision, the  
12 credit provided in subdivision (b) shall be twice the credit provided  
13 in subdivision (a).

14 SEC. 2. This act provides for a tax levy within the meaning of  
15 Article IV of the Constitution and shall go into immediate effect.